Minutes of SUSS Annual Members Meeting
11.00am on Wednesday 2nd May 2018
Held at Birmingham Guild of Students

Present	Peter Shilton Godwin	PSG	Trustee & Meeting Chair
	Susan Andrews	SJA	Representing Ross Trustees, Chair of Trustees
	David Malcolm	DM	Trustee
	Nick Gash	NG	Trustee
In Attendance	Paul Hamilton	PH	Actuary, Barnett Waddingham LLP
	Matt Tickle	MT	Investment Consultant, Barnett Waddingham LLP
	Nicky Chatten	NC	Legal Adviser, Osborne Clarke
	Vicii Kirkpatrick	VK	NUS Principal Employer
	Clare Kember	CK	Secretary to the Trustees, Ross Trustees Services Ltd

Members Present There were 62 people present, representing 42 Participating Employers.

AGM/2018/1	**Chair's Opening Remarks**
	PSG welcomed everyone to the meeting, thanking those present for their continued engagement and support during particularly challenging economic times and uncertainty, which the trustees were trying to navigate PSG introduced the Trustees as well as their advisers and NUS representative. PSG introduced SJA, Chair to the Trustees, to present the Summary of the Year.
AGM/2018/2	**Summary of the Year** SJA confirmed to the meeting that the Trustees have for the last three to four years, previously presented on an agreed Strategy; about the implementation of that Strategy, how it has progressed, whether the Scheme remains on track and whether that Strategy remains appropriate. SJA noted that this years' presentation will be different. She commented that for those who attended the NUS SUSS Employers' Forum on 1st March, they would be aware that the Trustees found, as part of the focus on the liabilities, an issue with increases to pensions in payment from 30 years ago – dating back to 1988. SJA confirmed that the Trustees were keen to talk to those present about this issue; how it has arisen, what the issue is and what the SUSS Trustees and NUS are doing about it. This is a significant issue and one that has taken up a lot of Trustee and adviser time. SJA confirmed that the afternoon session would be dedicated to the issue, with a presentation from the Scheme's lawyer – Nicky Chatten, with a question and answer session. It was noted that a number of documents had been circulated in advance of the meeting to provide background to the issue. **Scheme Funding** SJA confirmed that apart from the issue with pension increases, SUSS has been continuing to invest the assets, pay benefits and comply with all its legal requirements as part of the "Business as Usual " operations. **Data Issues** SJA confirmed that the liabilities are calculated using data about SUSS beneficiaries (who they worked for, length of service, salary, age, marital status etc) and applying this data to the benefits that were promised. About three years ago, the Trustees undertook a project to ensure the data held about SUSS's members was as accurate and complete as possible. This is an ongoing process. SJA confirmed that pension scheme trustees administer schemes in accordance with the Trust Deed and

	Rules. However, many schemes as they reach the stage that SUSS has reached – where they are closed to future accrual and effectively in run off – undertake a deep dive exercise, looking backwards to ensure that everything has been done correctly and that the current Trust Deed and Rules accurately reflects the legal obligations of the scheme across its whole lifetime. It was noted that a Benefit Specification is a common exercise for many schemes and one SUSS needed to undertake in a number of tranches. The first tranche was to review the latest Trust Deed and Rules dated 3rd March 2008. Whilst this only revealed minor issues, the benefits it sets out only applied to active members at that date. The Trustees therefore took the view that they needed certainty for all members regardless of when they left pensionable service, and in November 2016 the Trustees commissioned a review going back to the previous consolidated deed dated 31st December 1993 and even the one before that, dated 15th January 1986. A couple of issues arose from this more detailed review, and were discussed at a meeting of the Trustees in May 2017. One was that on the documents available, the intention in 1988 to reduce the increases that were then applicable to pensions in payment (from 7% to 3%) had not been implemented properly. The intention, expressed in the minutes of Trustees' meetings at the time and other documentation, was for the rate of increase to be reduced with effect from 1 October 1988, and also for this reduction to be applied retrospectively for those members who were in pensionable service on that date. SJA confirmed that there were two aspects, to this. The first is that the benefits that had accrued before 1988 could not be reduced in any event – this was not an amendment that could be made under the rules. The second was that for accrual after 1 October 1988, some form of documentation was required to be signed by the Trustees and NUS (as Principal Employer, representing all Participating Employers) to evidence that change. A detailed search for documents was carried out. The Trustees' wrote to former Trustees, former advisers, and searched archives. NUS searched its records for any documents. It became clear in the Summer of 2017 that no such documents could be found, and to protect the legal position on limitation periods, a standstill agreement was entered into between the Trustees, NUS (as Principal Employer) and the primary adviser involved at the time (Friends Provident, now part of Aviva). A comprehensive summary of the position and all the documentation available was put together and the Trustees consulted a leading Pensions QC in November 2017. The outcome was that the documentation that had been found did not resolve the matter of properly amending the scheme provisions, and so the intended change to the rate of increase for pensions in payment had not been made. A number of potential alternatives for addressing this problem may be possible, and this is something that NUS is pursuing in its capacity as the Principal Employer (and the representative body of all Participating Unions). It was agreed with NUS that the Annual Meeting booked for 1st March 2018 should be used for NUS, as the Principal Employer of SUS, to take soundings from Participating Employers – and this is what has happened. SJA advised that the current position is that NUS, as Principal Employer, has prepared instructions to another leading pensions Counsel and is going through the process of getting its own independent advice. The Trustees are waiting for that advice to be received, digested, and a formal proposal made. In the meantime, no changes are being made to how the Scheme is administered, or how it is funded, on legal advice. Once the way forward has been proposed, an assessment of the impact can be determined and considered. **Orphan Liabilities** SJA noted that one question that has arisen from this issue, is around orphan liabilities. When the Trustees are linking members to Participating Employers, they came across some members where there is no link for some reason (it is not always clear why, as the documentation is not always there to support our understanding). Clearly they did come into the Scheme as an employee of one of the Participating Employers, and therefore SJA explained to the meeting why the Scheme cannot always allocate all members. Some members worked for Unions that no longer exist; City University for example wound up and paid a section 75 debt to SUSS – thus discharging its liability. SUSS benefited at the time from the lump sum payment, and the quid pro quo is that City members are now effectively orphans within the Scheme, and the liabilities in respect of them must be met on a proportional basis by the remaining

Participating Unions. The Trustees do know who employed them, but the Trustees have no further recourse to that employer. The same position applies for Aberystwyth and Liverpool Student Media Limited. Some employers may have left the Scheme at a time when there was no debt due – so nothing would have been payable. In addition, Orphans can also arise because the administration records do not reveal who employed them or they are a dependant of a member and we do not have details of the member. The Trustees' have undertaken a significant amount of work in trying to allocate these members and therefore a line has been drawn on this exercise as the cost of further investigation would be disproportionate.

Valuing the liabilities

SJA confirmed that the Scheme uses assumptions to map out all future benefit payments; those payments are then discounted to a value as at the valuation date, using gilt yields as a proxy for interest rates. It was noted that at the 2017 Annual Meeting an example was given that a 1% move in gilts yields impacts the valuation of liabilities by around £45,000,000 – a 1% increase in gilt yields reduces the deficit by £45,000,000 and a 1% decrease in gilt yields increases the deficit by £45,000,000. SJA reminded the meeting that the Scheme is using Liability Driven Investments to hedge out some of this risk. That hedging programme continues, and the Trustees have applied caps and collars to ensure as far as reasonably possible that timing of the move into LDI does not work against us.

EXPENSES

General expenses

The Trustees aim with expenses is to ensure they keep a tight grip and budget appropriately. To help run SUSS on a lean basis, the Trustees looked at automating some of the member processes; and have reported previously that the Trustees can save adviser costs if members engage with the Scheme on line. Although the Scheme is now on-line, with a dedicated website for members, so far the level of traffic has not been significant.

PPF Levy

The PPF levy is an item of expense which is re-charged to Participating Employers. Last year, the Trustees changed the basis upon which the PPF levy is allocated to each Union. The allocation is now based on the Employer Risk Factor for each Union. The Trustee has previously stressed, and continues to stress, the importance for each Employer to get its Experian Score as good as it can be. Barnett Waddingham has reviewed the position and it appears that Experian Scores have worsened this year which will mean an increase for many in the PPF levy.

For the majority of employers, their 2017 accounts will get picked up automatically from Companies House or the Charities Commission, but Scottish and Northern Irish charities (of which there are five) have to submit accounts direct to Experian. This year only two Unions have no account information showing.

It was confirmed that once the Trustees have further detail around the 2018/19 levy they will circulate a note on this.

Incorporations

SJA confirmed that those Unions who have been through the process will be aware that SUSS re-opens annually to allow Unions to incorporate. Last year 10 Unions incorporated and by running this process the Trustees are able to streamline it and save costs. Unions were asked to notify the Trustees if they were thinking of incorporating in 2018; with the incorporation window being open over the Summer. There are some notifications already, and it is intended to open SUSS from 2nd July 2018 to 28th September 2018.

SJA confirmed that it is extremely important that Unions' let the Trustees know of an intention to incorporate and that Unions follow the guidance provided. The process, which has been developed and used successfully for a number of years, ensures that Unions do not inadvertently trigger a full buy out debt for their employer. The Trustees do not have a choice about imposing this debt, should it arise. It is a statutory obligation.

ASSETS

SJA advised that in 2017, the Trustees spoke of challenging markets ahead – and that has proven to be the case. It was confirmed that the Scheme has now implemented using illiquid strategies which target higher returns. The Trustees, in November 2017, invested in a fund with Partners (for which there was a nine month waiting list) which focuses on illiquid and alternative strategies.

The assets continue to perform well and in the year to June 2017 returned 10.7% which is ahead of the assumptions used in the Actuarial Valuation.

GOVERNANCE AND COMPLIANCE

Scheme Accounts

SJA advised the meeting that for the year ending 30th June 2017, the accounts were signed off late because of discussions with the auditor around how to represent the pension increases issue. The Trustees were keen to ensure the accounts represented a fair and accurate view, and have been assisting Grant Thornton (the Scheme Auditor) to ensure this is the case.

It was confirmed that copies of the accounts would be circulated following the meeting, the pension increase issue has been dealt with by including a description of the issue that has arisen within the narrative. Where a liability has actually arisen and been acknowledged, this must be included in the detailed figures, and this is what has been done for the pre-1.10.1988 service that could never have been the subject of an amendment. The Pensions Regulator has been kept informed of the delay and the reasons for it.

Trustees

SJA confirmed that the Trustees have recently run elections for member nominated and for employer nominated Trustees. Sue Cannon from Plymouth left the Board on leaving the Union, Mike Barnes retired after 34 years service, Pete Shilton Godwin was re-appointed and Nick Gash was elected as an MNT. This left a vacancy for an Employer nominated Trustee. The closing date for nominations has passed and unfortunately no nominations were received. SJA invited those present to contact the Trustees should they be interested in standing as an ENT.

GDPR

SJA confirmed that the Trustees have been working hard on compliance; and are in the process of checking all adviser contracts have GDPR updates that are appropriate and compliant. The Trustees will be considering a draft Data Protection Policy and Cyber Security Policy and a Data Breach Policy at the next Trustees meeting.

A Privacy Notice from the Trustees is due to be issued to Members in advance of the 25th May 2018 deadline, in line with GDPR requirements.

More generally, it was noted that some Unions have been seeking further data for the members that are attributable to them. The Trustees have received advice that they cannot release that data without an agreement in place. A Data Sharing Agreement for Unions to sign up to is available should they wish to receive those details.

Employer Associations

SJA confirmed that in previous years, the Trustees have met with BUFDG. The Trustees have renewed that connection and hope to have a meeting with them in the coming year with the hope that this becomes a regular dialogue with them and the University and Colleges Employers Association (UCEA).

Summary

SJA confirmed that this has been a very challenging year for a number of reasons. The Trustees have continued to work the Scheme assets hard, and to keep expenses under firm control. They are getting to grips with the requirements of GDPR and are developing communications with members and Unions that are useful and informative.

In terms of the liabilities, the Trustees will continue to work with NUS in its role as Principal Employer to resolve the pension increase issue.

The Trustees were asked what reassurance they could give those present that the administration of the Scheme was now in order and that no further issues would arise. SJA confirmed that the Trustees have undertaken a deep dive exercise, to a standard at which an Insurance Company would be prepared to take on the Scheme (as they would not take on an unknown liability). Nick Gash, as a new Trustee, commented

	that he had been reassured that both the Trustees and their professional advisers have done all they can to clean the data. The Trustees share the Employer's concerns but as far as the Trustees are aware they had done all they can in this regard.
AGM/2018/3	**Funding and Investment Strategy – MT and PH**
	MT provided a brief summary of markets over the last 12 months, confirming that growth (inc. global markets) and investment markets have been strong. It was noted that generally speaking the assets have had a positive year, and he provided an explanation of what the assets need to return (in conjunction with the contributions received) in order to meet the cashflow requirements of the Plan under the last Actuarial Valuation. MT provided a summary of investment changes during the year, confirming that the Trustees have sought to further spread investment risk by investing in different asset classes, with a new allocation being made to Partners Fund and changes to the allocations invested in the LDI fund with Insight. MT confirmed that the Partners Fund invests in illiquid assets such as infrastructure and real estate. As they are illiquid, the Scheme can look to achieve a better return by taking on more risk. It was noted that the Trustees will keep this Fund under review and consider whether a further investment into this asset class should be made. The Trustees monitor the investment strategy, and how it impacts the outcome for the assets, the Trustees do this by building on the existing strategy, and adding elements e.g. expanding the use of LDI, in a controlled way. The Trustees are seeking to achieve at least the level of return outlined in the 2016 Actuarial Valuation. It was noted that the Trustees are also seeking to protect the assets against interest rate and inflation risk; this is achieved through the LDI portfolio, although only part of the risk can be protected. MT noted that by utilising a trigger monitoring system to implement the LDI, the Scheme currently has c£1.2m more in assets than if this arrangement hadn't been put in place. The Trustees monitor, at each of their quarterly meetings, the performance of their Fund Managers vs. their respective benchmarks, with MT confirming that he was comfortable with the performance of the Fund Managers within the Scheme's portfolio. Pavinder Mehmet of LSESU queried what benchmarks are set to achieve the return required. MT confirmed that the benchmark differs from manager to manager, however the consolidated benchmark across the portfolio seeks to achieve the ultimate return required under the Recovery Plan. PH provided a summary of the funding and liabilities of the Scheme, caveating that his presentation did not reference to the pension increase issue (confirming that the outcome of the same will, however, be taken into account at the next Actuarial Valuation in 2019) confirming that the same were broadly in line with the 2016 Valuation results (with a slightly increase in the funding level from 46% to 48%). It was noted that some 12 employers chose to pay their deficit repair contributions in advance, receiving a 3.66% reduction on the same. In terms of those contributions, PH reminded those present that the contributions were increased by some 20% in 2017, and would increase by a further 5% annually in October each year until the next Valuation. PH advised the meeting that Experian Scores for the sector have worsened and this is likely to lead to a significant increase (potentially more than double) in the PPF levy. A brief summary on Orphan liabilities was provided, noting that SJA had covered this in the summary of the year and would be further explained in the afternoon session.
AGM/2017/4	**Questions and Answers**
	PSG thanked SJA, MT and PH for their presentations and invited questions **[**]: The Trustees are seeking better investment performance through diversification of their portfolio and giving managers challenging targets. Do the Trustees consider that the investment strategy remains

appropriate in light of the pension increase issue?

MT confirmed that it is a difficult balance; the investment strategy will have to change as a consequence of the pension increase issue and the Trustees will have a discussion around that once the position is clarified, and will engage in robust discussions with NUS on what is the correct strategy for the Scheme. The Trustees will revert to members once the position has become clear.

Jim Cave, UEA: Is it the right time to introduce the trigger policy on hedge?

MT confirmed that he did believe it was the right time to introduce the trigger to gradually reduce risk over time, and the Scheme has benefitted as a result; the Trustees need to strike a balance between reducing risk and achieving return.

Robert Cox, Worcester: Are the Scheme's benchmarks set too low; is there any greater appetite for risk as Student Unions cannot afford more increases therefore the Trustees should be seeking greater investment returns.

MT commented that if the Trustees were to adopt a riskier investment strategy, and that strategy didn't pay off, then the Scheme would need to seek higher contributions. TPR guidance is very clear, that if an employer covenant is not strong enough to sit behind a risk then the risk should not be taken. PH provided a summary of how the 5% return had been achieved with the valuation assumptions.

Peter Hyatt, an independent trustee from UCLAN : what was the strategy behind the Trustees engaging with BUFDUG?

SJA confirmed that the Trustees met BUFDUG in 2016, and provided them with a background on the issues and challenges faced by SUSS. They were helpful discussions in terms of looking at the challenges in pensions ecology for the higher education sector as a whole. BUFDUG have recently approached SUSS again and it is hoped that this relationship will develop and that might lead to a greater understanding of the issues being faced by Student Unions when they go to talk to their finance directors at their parent institutions.

Q. [ ] in terms of the additional liability, how much of that is going to need to be paid following the next valuation?

PH advised that if benefits are to be corrected, which is still to be clarified and determined, then there will be back payments due to pensioners. Those back payments will come from Scheme assets and be part of a bigger deficit; the cost of future increased payments will be reflected in the liabilities and will form part of normal valuation discussions as to how the deficit will be funded. No additional upfront payments will be sought ahead of the 2019 Actuarial Valuation. The additional liabilities that the Scheme must pay is the £12.7m, and this is noted in the Trustees Report and Accounts. SJA confirmed that the Trustees and the NUS have sought respective legal advice; NUS will be discussing their advice and their thoughts on the way forward with the Trustees in the coming weeks.

Jo Thomas, Birmingham Guild of Students : are the Trustees aware of how widely their conversation with BUFDUG was distributed as her own understanding was that it wasn't fed back at all. Are the Trustees able to influence the wider distribution of these discussions, and ensure that University Registrars are included in those discussions to ensure a greater spread of message?

PSG confirmed that the Trustees (post meeting) provided at BUGDUG's request a great deal of information. He accepted that the Trustees could have been a little pushier but equally BUFDUG don't perceive the amount of money involved as a big issue for them. SJA confirmed that the Trustees did offer to speak at BUFDUG's annual conference but no response was received to the offer. PH confirmed that he has spoken at the BUFDUG conference and took that opportunity to reiterate that the Trustees of SUSS were keen to engage. PSG confirmed that the Trustees will speak with NUS about engaging with University Registrars.

Peter Hyatt, UCLAN : Commented that he was surprised at the small number of employers who had paid in advance; as in his view, whilst Parent Institutions have significant challenges; they do not necessarily

	have challenges with the size of their bank balance and therefore assistance in advanced payments shouldn't be an issue. Tim Cave of UEA commented that they did not repeat the prepayment as they felt that the discount was not attractive enough. A discussion was held on whether the discount offered could have been greater; SJA advised that this does present difficulties given the collective nature of scheme, funding and complexity of trying to introduce different funding levels for individual Unions. PH confirmed the rationale behind the discount rate offered. **Emma Boobyer, Gloucester** : Could the 3 year discount option be offered annually on a rolling three year period? PH advised that the deficit is established at the Triennial Valuation and the Recovery Plan is set at the same point; therefore a review annually would not be feasible as we wouldn't know what the valuation was and whether paying in advance would be a benefit. Further, it would be very difficult (and costly) to administer 70 different arrangements. **Sophie Williams, Worcester**: commented that she believes that there is an issue around confidence in the scheme, with her own parent institution commenting that they were not going to throw good money after bad and refused to help with the deficit reduction contributions. SJA confirmed that on occasion when concerns of this nature have been voiced the Trustees have indicated that they are always happy to meet with individual representatives of the employer and answer any questions or concerns. **Dan Palmer, Cardiff** : the meeting has discussed the support Unions receive from their Universities, however NUS doesn't have that sort of guarantee. Have the Trustees considered the impact of the pension increase issue on the Principal Employer in it being able to meet its obligations as they fall due; as there is a risk that Student Unions will have to pay twice if the NUS is unable to afford its portion of the debt. SJA confirmed that the NUS are part of the triennial covenant review exercise and the NUS are also represented at Trustee meetings and are therefore fully engaged in robust discussions. Peter Robertson of the NUS commented that because of the way the NUS is structured, it has a strong balance sheet the NUS trustee board has a level of comfort that there are sufficient assets on the balance sheet to cover the liability, and this forms part of an ongoing discussion between the NUS and Trustees. **Dave Green, York St John** : Is the up front option on contributions based on an expected run rate? PH advised that it is based on payments expected to be received in the 36 month period and then 5% thereafter with the discount. The option is only offered following the valuation to ensure all are being treated fairly. **Sophie Williams, Worcester** : Will the Officer Induction briefing be updated to reflect the pension increase issue? DGM confirmed that the Induction briefing is updated annually, however the amount to which the issue can be included will be considered in light of the need for confidentiality around any potential legal recourse. The Trustees share information as soon and as fully as they are able but inevitably the information will not include a definitive answer as the position is still to be clarified. **Jo Thomas, Birmingham Guild of Students** : The Trustees of BUGS SU have requested that we take our own separate legal advice on the issue. BUGS invited any other Union who were interested in joining them in obtaining separate legal advice to contact her. Peter Robertson commented that the NUS has taken legal advice as the representative employer for all Unions, that advice will be discussed with the Trustees at their meeting in May. He went on to suggest that those considering taking further independent legal advice may wish to consider waiting and await the briefing note which will follow on the advice taken by NUS. Peter confirmed that he was very happy to come and talk to individual trustee boards if it would be useful.

	[ ] : Has the Trustee seen any significant increase in transfers; and are they looking at how transfers are valued in light of the liability issues? PH confirmed that although the Scheme does see transfer requests, there has been no spike in the same following the announcement on pension flexibilities. Given current discussions, at their last meeting (in February 2018) the Trustees put a hold on transfers. This will be discussed in detail at the forthcoming Trustee meeting, when the Trustees will receive advice on whether or not they should consider reducing transfer values. **Pavinder Mehmet, LSESU**: For Unions who have no members affected by the pension increase issue, could it be argued that that Union has no further contribution to make? PSG confirmed that the position on Orphan liabilities would be covered in the afternoon session; all Unions will be liable for a share of these orphan liabilities. **Jim Cave, UEA** : Could the Trustees explain what a Standstill Agreement is? SJA confirmed that there are limitation periods (most commonly 12 years), which are periods of time within which you must bring an action. As the pension increase error happened 30 years ago, when an issue is found you can freeze the limitation period whilst you investigate the matter and decide whether or not there is scope to bring an action. **Gary Chamberlain, Loughborough** : given the increases in contributions following the last Valuation, if the outcome of current investigations is that there will be an additional c£47m, are the Trustees able to give any indication of what the increased contribution is likely to be, can they look to extend the Recovery Plan. The overall liability arising from the issue is still to be clarified, discussion around contributions will commence at the next Actuarial Valuation in 2019 as will the length of the recovery plan; the Trustees will need to consider TPR's guidance on what is an acceptable length of the Recovery Plan. **Rhys Dart, Trinity St David** : There is an ongoing risk of individual Unions being unable to pay contributions going forward given the year on year increases and potential increases in the PPF levy. Are the Trustees doing any work to identify whether and at what point Unions may find the financial commitment to the Scheme unaffordable? SJA confirmed that at each Actuarial Valuation a covenant review is undertaken by KPMG; that review looks at the covenant (inc. cashflow and capital) of each individual Union as well as the NUS; and take these in the round to find one contribution rate for all where both the Trustees (following TPR guidance) and the Unions are comfortable with the payments required. Where it has been clear that a Union might struggle, the Trustees have made every effort to liaise with that Union and set up an affordable payment plan. **Jim Cave, UEA** : Are individual Unions able to see KPMG's covenant report? SJA advised that in a 'normal' Scheme a Principal Employer would review the narrative of a covenant assessment, as this is largely a factual assessment. However the covenant report covers all participating Unions and therefore it would not be possible to split the report down to share individual assessments. **Sophie Williams, Worcester** : Are the Trustees able to assist Unions in improving their Experian score? SJA confirmed that the Trustees have and will continue to provide information, where requested, to assist Unions. It is however the Unions responsible to manage the same. **Emma Boobyer, Gloucester** : What is the figure being sought in damages, will it cover all the potential liabilities? SJA advised that the liability figure is yet to be formally quantified; the position on any potential claim will be covered in the afternoon session, however the advice the Trustees have received is that the limitation

	periods have expired and therefore there is unlikely to be any available recourse through the Courts. **Daniel Palmer, Cardiff** : Do the Trustees and their advisers have adequate insurance? The Trustees do have Trustee Insurance, the Scheme's advisers will also have their own professional indemnity insurance. However it would be very difficult to get global cover as in terms of disclosures, 'we only know what we know' **Pavinder Mehmet, LSESU** : Is it possible to tailor the covenant report to cover all Student Unions and on the Higher Education Sector? SJA confirmed that she would enquire whether KPMG are able to isolate a sector review, and if they are it would be shared. The next report will be prepared as at the 2019 Actuarial Valuation.
AGM/2018/5	**Closing Remarks**
	PSG asked whether the minutes of the meeting held on 23 February 2017 were true and accurate record and it was **AGREED** that they were and were accepted as such. PSG thanked everyone for their time and contribution
AGM/2018/6	**Training**
	Some 25 people attended the afternoon session, at which NC of Osborne Clarke, the Scheme's Legal Advisers, re-delivered the presentation on the historical pension increase issue. Copies of the slides, a briefing paper and FAQ's had been circulated in advance of the meeting. The following questions were raised: Q. Was a document ever signed? From the investigations undertaken we do not believe a document was ever prepared or signed. The intention is clear, advice was received from Friends Life; the consideration and acceptance of that advice is documented in Minutes of Trustee Meetings. However, those Minutes were not signed (as this was not the normal practice), and even if they had been signed by the Trustee, this would not have been enough, as written evidence of consent to the change from the NUS is also required. Q. Have the 52 members (who require further investigation and annuitants) been taken into account in terms of liabilities? All of the numbers are approximate; the 52 remain to be investigated. However, almost all are spouses of previous members therefore it is likely to be proportionately less liability for this tranche given spouses benefits are smaller than those of a member. Q. How certain are the Trustees that some Unions have members in the affected categories and some do not. The Trustees are as certain as they can be. The Trustees undertook the PEPSI project some years ago when member data was shared and verified by Unions. In addition, some Unions didn't enter the Scheme until after 1993 and therefore could not have had affected members in any event. Q. Deficit Reduction Contributions are apportioned; whilst it could be seen as fair, will there be a discussion on how contributions are allocated given the NUS are a party to the mistake but also the representative employer? The Trustees will enter into discussions with the NUS once the position and way forward is clear; there are some potential mitigating actions which may be appropriate, affected members could be asked to consent to an amendment i.e. members always thought they would receive 3% increases, they have always received 3% increases, we could ask them to waive their right to the 7% increase.

	Q. Are you happy that the trustee is acting in the members best interested by delaying the valuation and associated strategy change, given it could be considered inappropriate in light of the additional liability? There is no delay to the valuation, the next valuation is due in 2019. In terms of the strategy it is likely to change once the position is clarified, but until such time as it has been clarified the strategy remains appropriate. The Trustees do not wish to take pre emptive action which could be wholly inappropriate; the situation is evolving and needs to be clarified before any action is taken. Q. How likely is it that members will give up a windfall and what they are entitled to? It is an option to consider; however, the Trustees would need consent from a certain percentage of members before any amendment could be made (ideally, a particular percentage by value rather than headcount). These exercises have been successfully undertaken but generally with a smaller group of people. Q Why were Unions not told of the issue at last annual members meeting? At the 2017 annual meeting, the Trustees confirmed that they were moving towards the conclusion of a long-standing project to ensure that all the liabilities of SUSS have been correctly allocated and the Rules properly applied in the calculation of those liabilities. At that time, a final exercise was under way to double-check that administrative practice correctly interprets the Scheme Rules. in May 2017 the Trustees were advised that there might be a problem, and a thorough investigation into the Scheme documents was undertaken during the Summer 2017, with the Trustees receiving advice on the issue at their November 2017 Trustee meeting. Q. In terms of limitation periods, are there periods applicable to the affected members, i.e. they have not come forward to say they want their 7%, have they missed their opportunity? There are no 'member' limitation periods. The Trustees have a duty to pay members what they are due under the Rules. Q. Have procedures been tightened to ensure that going forward no such error is made. The Trustee Board now includes a professional trustee (who is also a lawyer by training), and therefore is able to ensure that the formalities are completed. The Trustee Board work closely with their legal advisers, and have a keen eye on governance. Pension schemes are now much more heavily regulated, with Trustees required to have much more knowledge and understanding, which simply wasn't required historically, which is why the Trustees at the time reasonably relied on advice from Friends Life and reasonably assumed things had been done correctly. The Scheme Actuary at the time was also from Friends Life; he changed the way the Actuarial Valuation to reflect the change in pension increases. All, including advisers, thought the amendment had been correctly affected. Q. What would ultimately push this scheme to the PPF? To enter a PPF assessment period a Scheme needs to meet a number of criteria, including all participating employers being insolvent and the Scheme being placed in wind-up as the employers are unable to pay their share of the debt. Q. As TPR are aware of the situation, will the Trustees be speaking to TPR to seek approval to lengthen the recovery plan? The Trustees are required to pay the benefits that are due under the Rules. The Trustees need to hear from the NUS as to the legal advice they have received. It is then for the NUS and the employers to come to the Trustees with a proposal. At the next valuation (in 2019) there will be a noticeably bigger deficit, a covenant review will be undertaken to see what is affordable, and if there is scope to extend the recovery plan the Trustees would, at that point, seek approval of TPR. Q. Once the NUS has spoken with the Trustees will NUS share the advice it has received with the Unions?

	Peter Robertson of NUS commented that the NUS have sought the advice of Keith Rowley QC; there is nothing in the advice the NUS have received that differs greatly from the advice received by the Trustees. The limitation periods for any potential litigation have passed and therefore the NUS will be looking to engage in discussions with the Trustees around the potential informed consent route or extension of the recovery plan, but appreciating that it will be for TPR to confirm that they are content to extend the recovery plan. Q. Over what period are the Schemes existing liabilities due; and have any assumptions been made in respect of life expectancy of beneficiaries? Generally the average payment from the Scheme is 20 years, assumptions on life expectancy are reviewed and made at each triennial valuation.
	The Meeting closed at 2.55pm

APPENDIX A – ATTENDEES AND APOLOGIES

The following People representing 43 SUSS Participating Employers Attended the Meeting:

Attendee Name	**Representing**
John Abell	Coventry University Students’ Union
David Green	York St John Students' Union
Judith Strike	Solent Students’ Union
Lorna Reavley	Solent Students’ Union
Nick Bailey	University of Birmingham Guild of Students
Jo Thomas	University of Birmingham Guild of Students
Tim Cave	UEA Students’ Union
Paula Heneghan	De Mont Fort Students’ Union
Claire Platts	University of Huddersfield Students' Union
Tom Royle	University of Huddersfield Students' Union
Sophie Williams	Worcester Students' Union
Robert Cox	Worcester Students' Union
Alexis Mannion	ARU Students’ Union
Matthew Ensor	ARU Students’ Union
Martin Caldwell	Swansea University Students Union
Alys Kaye	Swansea University Students Union
Michelle Viccars	Trinity Saint David Students Union
Michael Blades	The Students’ Union at UWE
Kate Dolan	Warwick Students’ Union
Jacqui Clements	Warwick Students’ Union
Mark Crook	Warwick Students’ Union
Emma Boobyer	University of Gloucestershire Students' Union

Tom Newman	University of Gloucestershire Students' Union
David Whittingham	Oxford Brookes Students Union
Pavinder Mehet	London School of Economics Students' Union
Louise White	Manchester Metropolitan Students Union
Ruth Dalton	Liverpool Hope Students' Union
Samantha Creese	University of Leicester Students' Union
Sian Taylor	University of South Wales Students' Union
Mike Borley	University of South Wales Students' Union
Helen Thomas	University of South Wales Students' Union
Daniel Matthews	Plymouth Students' Union
Gina Connelly	Plymouth Students' Union
Anna Clodfelter	Portsmouth Students' Union
Lynne Gordon	Sunderland Students' Union
Dave Brown	Keele Students' Union
Daniel Palmer	Cardiff Students' Union
Christine Akers	Cardiff Students' Union
Anne Binks	Beds Students' Union
Nicole Fox	Reading University Students' Union
Jude Hoy	Loughborough Students' Union
Gary Chamberlain	Loughborough Students' Union
Lynda Stott	UCLAN
Peter Hyett	UCLAN
Richard Parkin	Union of Brunel Students Union
Nathan Townsend	Union of Brunel Students Union
Angie Lefevre	Birmingham City Students Union
Vicii Kirkpatrick	NUS
Peter Robertson	NUS
Clodagh Kennedy	Ulster Students' Union
Rob Kemmer	Edinburgh Napier Students Association
Rob Bending	University of Exeter Students' Union
Dave Goodacre	University of Nottingham Students' Union
Mark Hewerdine	Sheffield Hallam Students' Union
Michelle Collie	Robert Gordon University Students' Union
Graeme Clark	Robert Gordon University Students' Union
Ken Sankson	Staffordshire University Students' Union
Martin Rushworth	Leeds Beckett Students' Union
Janet Galligan	Bolton Students Union
Roger Wilson	Liverpool Guild of Students
Angela Thomas	Liverpool Guild of Students
Pauline Barrow	University of York Students' Union